



Idaho Charter School Network



Image: Treasure Valley Classical Academy, Fruitland

Testimony to the Idaho Senate Education Committee

January 17, 2023

Terry Ryan, CEO – Bluum
Board Chair – Idaho Charter School Network



WE BELIEVE

A robust choice of learning opportunities helps children, families and educators achieve more and do better.

Federalism – the dispersal of central authority – is a crucial tenet of American liberty. The spirit of federalism is needed more than ever in American Education.



WE ARE COMMITTED

To ensuring that Idaho's children reach their fullest potential by cultivating great leaders, replicating high-performing school models, and taking risks to develop new approaches so all Idaho students have access to a great education.



BLUUM STRIVES TO

- Empower and support educational leaders who take risks and put children first;
- Grow and replicate high-impact school models;
- Provide school support and management help;
- Develop and share effective practices; and
- Demonstrate measurable impact program-wide and across individual partner schools.

Image: Gem Prep: Nampa

Public Charter Schools – The Big Idea

- As far back as the 1970s the University of Massachusetts-Amherst education professor Ray Budde proposed letting teachers create semi-autonomous schools that would combine enhanced teacher **freedom and flexibilities with stringent accountability for student results**. His 1988 book, *Education Charter: Restructuring School Districts*, Budde outlined his plan for what would from then on be known as “**charter schools**.”
- Minnesota was the first state to approve a charter school law. Ember Reichgott Junge, the Democratic state senator who crafted Minnesota’s law argued, “**the purpose of the chartering legislation was to give freedom to parents and teacher to create new schools outside the existing system**.” Minnesota’s first charter opened its doors in 1992. Other states quickly followed suit: California, Colorado, Georgia, Massachusetts, Michigan, New Mexico, and Wisconsin had all approved charter legislation by late 1993.
- Passing Idaho Charter School Legislation was a multi-year fight in the 1990s. Opponents used fear and argued public charters are “**a step closer to using public funds for private schools**.”
- Idaho passed its first charter school law in 1997. The state’s first school opened its doors in 1998. The Idaho Public Charter School Commission was approved in 2004 as a statewide authorizer. **All of these gains took political courage.**
- The Legislative intent of Idaho’s charter school program was “**to serve as learning laboratories with hope that success could potentially applied throughout the larger public education system**.”
- Early charter school pioneers include Moscow Charter, Anser Charter School (Garden City), Coeur d’ Alene Charter Academy, Idaho Virtual Academy, Liberty Charter School, North Star Charter School, White Pine Charter School and Pocatello Community Charter School.

Public Charter Schools in Idaho

- Idaho's public charter schools are public schools defined and held accountable thru **Idaho Education Laws and Rules Chapter 52**.
- All Idaho public charter schools are **public**. Overenrolled charter schools must conduct a public lottery to determine enrollment.
- All Idaho charter schools are **required to hold a performance certificate** (charter) with a state approved authorizer. **Eligible authorizers** include the Idaho Public Charter School Commission, public school districts and Idaho public colleges, universities and community colleges.
- Performance certificates are a fixed-term, renewable certificate, between an authorizer and a charter school board of trustees that outlines the **roles, powers, responsibilities and performance expectations** for each party to the certificate. As of 12-1-22, The Idaho Public Charter School **Commission authorizes 60 Charters and Districts Authorized 16 Schools**.
- The typical performance certificate is **over 100 pages** and covers issues related to school governance, educational program, authorizer roles and responsibilities, school operations, school finance, termination, non-renewal and revocation, and compliance.
- Idaho public charter schools **must comply with all federal and state rules and regulations** as it relates to special education, testing requirements and financial accounting and reporting. Charters are open enrollment and serve all students. Charter schools **receive no local tax dollars for facilities or school operations**.
- Charter schools operate in a market. **If students do not show up money doesn't either**. In contrast to traditional district schools, **charters that fail close**.



Image: Graduates from NI STEM (Rathdrum)

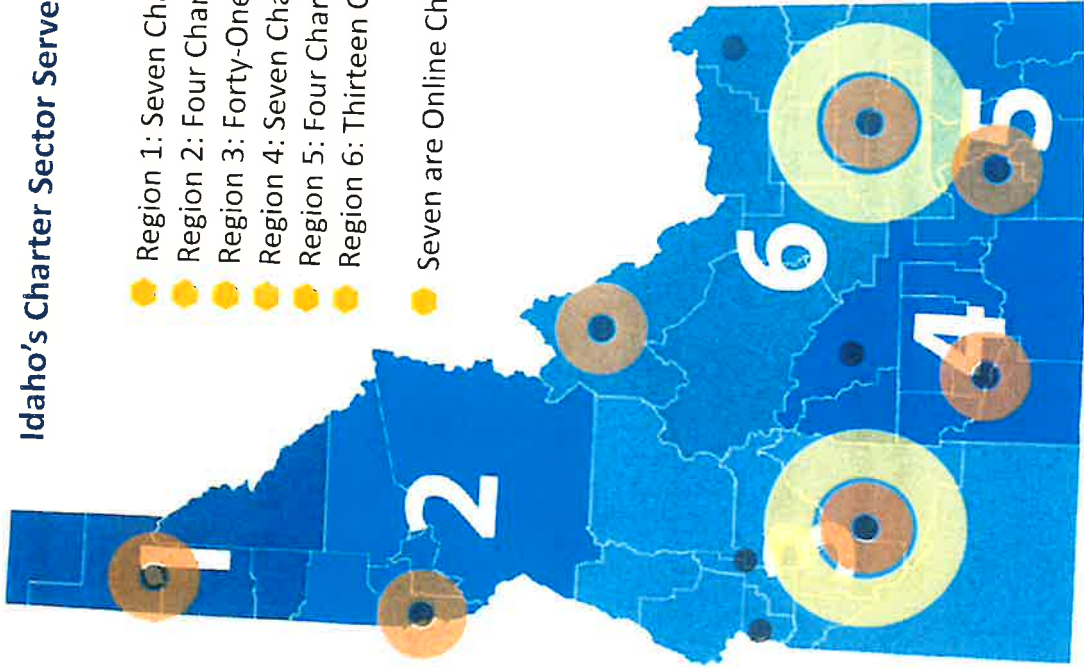
Public Charter Schools in Idaho

(The struggle for operational freedoms and fair funding)

The Idaho Legislature has been a **strong supporter** of Public Charter Schools and have worked over the last decade to create more flexibilities for schools and to help with facility financing. This includes legislation that:

- **(2012)** removed the growth cap of six new public charter schools per year and the cap of one new, public charter school per district per year. Also created a per pupil facility allowance, charter schools received \$398 per student in FY 2022.
- **(2016)** allowed public charter schools to sign administrators and teachers to one-year contracts.
- **(2017)** streamlined the charter petition (approval) process, particularly for replicating schools.
- **(2019)** created a charter school administrator certificate as an alternative to traditional administrator certificates.
- **(2019)** created public charter school facilities program, which requires charters to receive approval from the Idaho Housing and Finance Association for issuance of nonprofit facility bonds.
- **(2020)** created a weighted student lottery system for schools targeting needier students.
- **(2022)** allowed public charter schools to hire individuals with a Bachelor's Degree and develop and certificate their own teachers without going through the cumbersome and costly traditional teacher certification process.

School districts can learn from these efforts and consider such options for themselves, especially per staffing flexibilities



Idaho's Charter Sector Serves ALL Children Across Our State – urban, suburban, rural and remote

Type	FY22 Enrollment	White	Black	Hispanic	All Others	Special Ed	English Learners	Title 1
Districts	90.4%	74.1%	1.1%	19.3%	5.5%	11.1%	6.1%	42.2%
Charters	9.6%	76.4%	0.9%	15.9%	6.8%	9.4%	2.7%	48.8%

Source: Data Request Pull from ID SBOE

Fiscal 2022

LEA	Enrollment	Total Revenues, Audited
Boise Independent School District	23,362	\$353,289,483
<i>Per Pupil</i>		<i>\$ 15,122</i>
Sage International School of Boise	986	\$ 9,012,563
<i>Per Pupil</i>		<i>\$ 9,141</i>
<i>Per Pupil Difference:</i>		<i>\$ (5,982)</i>
Coeur D'Alene School District	10,191	\$123,264,813
<i>Per Pupil</i>		<i>\$ 12,095</i>
Coeur D'Alene Charter Academy	613	\$ 5,499,341
<i>Per Pupil</i>		<i>\$ 8,971</i>
<i>Per Pupil Difference:</i>		<i>\$ (3,124)</i>
Idaho Falls School District	10,194	\$106,230,294
<i>Per Pupil</i>		<i>\$ 10,421</i>
Alturas International Academy	567	\$ 4,554,831
<i>Per Pupil</i>		<i>\$ 8,033</i>
<i>Per Pupil Difference:</i>		<i>\$ (2,388)</i>
West Ada School District	39,027	\$410,923,020
<i>Per Pupil</i>		<i>\$ 10,529</i>
Compass Public Charter School	1,241	\$ 11,270,354
<i>Per Pupil</i>		<i>\$ 9,082</i>
<i>Per Pupil Difference:</i>		<i>\$ (1,448)</i>

Public Charter Schools in Idaho

(The struggle for operational freedoms and fair funding)



Image: Island Park Charter School

Source: <https://www.sde.idaho.gov/finance/files/attendance-enrollment/historical/historical-Enrollment-by-District-or-Charter.xlsx>

Idaho Student Enrollment Growth Over Last Decade

- Over the last decade Idaho's **K-12 enrollment** has seen an annual average growth rate of **2.05%**.
- Over the last decade overall **Idaho charter school enrollment** has seen an annual average growth rate of **5.5%**.
- Over the last decade overall **Bluum school enrollment** has seen an annual average growth rate of **31%**.
- Over the last decade **Bluum school enrollment** has made up **80% of Idaho charter seat growth**.
- Since the 2018-19 school year, all new charter school seat growth has been in **Bluum schools**.

YEAR	ID K-12 Enrollment	ID Charter Enrollment	Bluum Schools Enrollment
2021-22	319,159	* 29,204	11,115
2020-21	303,349	31,576	10,107
2019-20	293,166	25,364	8,022
2018-19	285,890	24,004	6,657
2017-18	282,383	21,936	5,673
2016-17	279,519	21,351	5,233
2015-16	275,496	20,340	4,356
2014-15	271,779	19,700	4,091
2013-14	270,718	19,367	2,896
2012-13	264,760	18,782	2,713
NET NEW SEATS	54,399	10,422	8,402

Despite the growth many charter schools still have **waitlists**: Alturas Int'l Academy (Idaho Falls) **344**; Mosaics (Caldwell) **226**; Idaho Arts (Nampa) **108**; Sage (Boise) **118**; Compass Public Charter School (Meridian) **578**; and Treasure Valley Classical Academy (Fruitland) **260**.

* Online charter school enrollment has been declining over time in Idaho despite a Covid-19 spike in 2020-21.

INVESTMENT SUMMARY

2015-2022



All numbers are current through December 31, 2022

Working to Help Idaho Meet the Demand for New Public Charter Schools with Start-Up Support



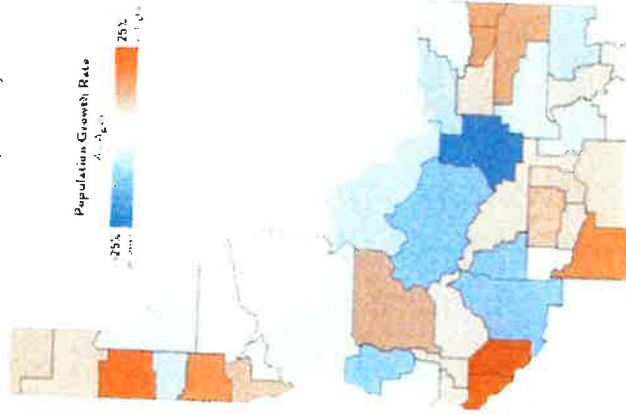
Image: New Charter School Construction, Middleton

Looking Ahead

Statewide: Projected Population and K-8 Student Growth Through 2030

- Statewide, this rate of growth translates into 39,480 more K-8 students than in 2020.
- Idaho elementary schools average 403 students = 98 new schools by 2030.
- If charters manage just 15% of this growth = 15 new K-8 charter schools by 2030.
- As a state, collectively, we need to plan and prepare for this growth – we need to innovate!

2020 to 2030 Population Growth Rates
Idaho, all ages, by County



2020 to 2030 K-8 Population Growth Rates
Idaho, ages 5-14, by County

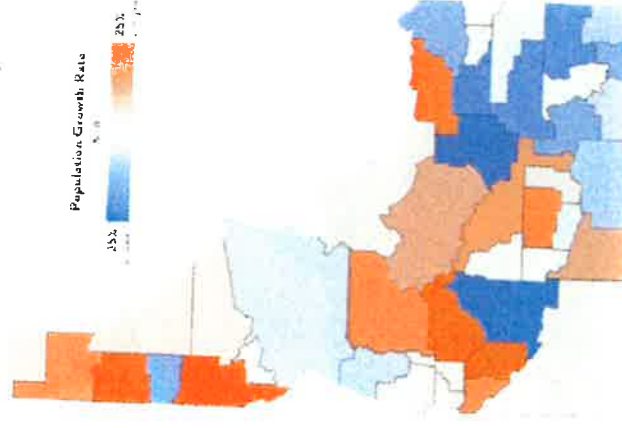


Image: Work Getting Done by a Student at Elevate Caldwell

Source: <http://www.bluum.org/wp-content/uploads/2022/02/Idaho-Charter-Market-Analysis-Bluum-and-Public-Impact.pdf>

ROI - Idaho Public Charter Schools Deliver Results for Student

Reading – 4th

Year	Jurisdiction	Student Group	Average scale score
2022	National	All	217
2022	National public	All	216
1	DoDEA	All	235
2	Massachusetts	All	227
3	Idaho	Charters	225
4	Florida	All	225
5	Wyoming	All	225
6	Colorado	All	223
7	New Hampshire	All	223
8	New Jersey	All	223
9	Utah	All	221
10	Connecticut	All	219
31	Idaho	All	215

Reading – 8th

Year	Jurisdiction	Student Group	Average scale score
2022	National	All	260
2022	National public	All	259
1	DoDEA	All	282
2	Idaho	Charters	276
3	New Jersey	All	270
4	Massachusetts	All	269
5	Utah	All	265
6	Connecticut	All	264
7	Idaho	All	264
8	Vermont	All	264
9	Colorado	All	263
10	New Hampshire	All	263

Math – 4th

Year	Jurisdiction	Student Group	Average scale score
2022	National	All	236
2022	National public	All	235
1	DoDEA	All	250
2	Wyoming	All	243
3	Massachusetts	All	242
4	Nebraska	All	242
5	Florida	All	241
6	Iowa	All	240
7	North Dakota	All	240
8	Utah	All	240
9	Wisconsin	All	240
10	Indiana	All	239
17	Idaho	Charters	238
24	Idaho	All	236

Math – 8th

Year	Jurisdiction	Student Group	Average scale score
2022	National	All	274
2022	National public	All	273
1	DoDEA	All	292
2	Idaho	Charters	291
3	Massachusetts	All	284
4	Idaho	All	282
5	Utah	All	282
6	New Jersey	All	281
7	South Dakota	All	281
8	Wisconsin	All	281
9	Wyoming	All	281
10	Minnesota	All	280

BUT, THERE'S MORE TO DO

Near Term:

- **Support efforts to improve public charter school facility financing options:** rising land costs, higher interest rates and inflationary pressure on building materials makes financing facilities harder.
- **As you put more money into public schools encourage and support more operational flexibilities for school districts:** disperse authority for educating students, encourage risk-taking, and give more authority to schools and districts to innovate.
- **Find time to visit some of the great public charter schools in your area:** there are really good things happening in our public charter schools. Please go see why parents are on wait lists to get their children into these schools.

Longer Term:

- **Move to student-centered funding:** Create one student-centered funding formula that applies to all students in Idaho regardless of the type of school they attend. For each student a school serves, it should receive the same base funding amount with additional amounts for higher-need students.



Image: Upper Carmen Charter School



Thank you and now over to
my friend from ExcelinEd
Matthew Joseph



Idaho Charter School Network

Image: Alturas International, Idaho Falls





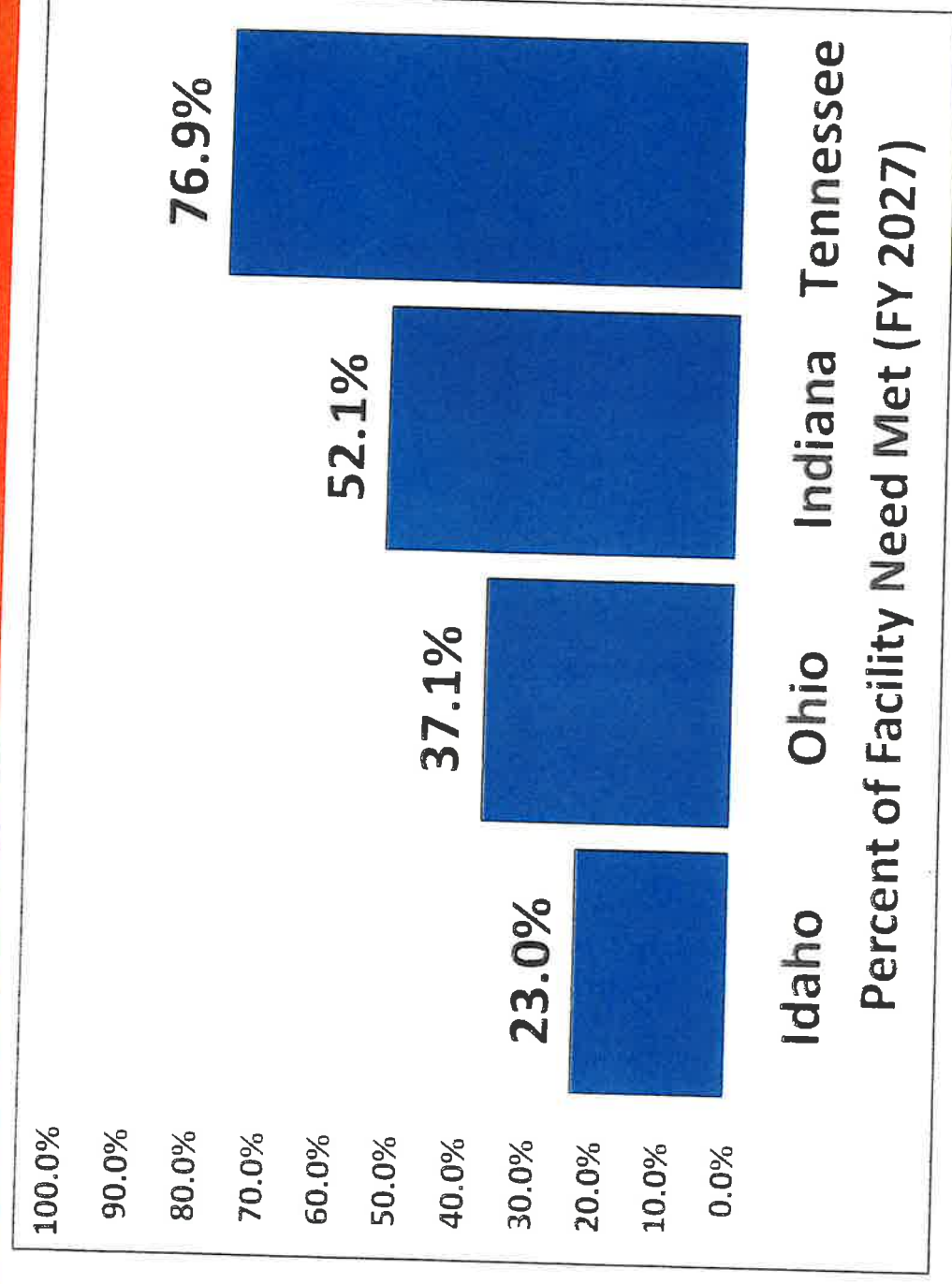
Building For Success in Idaho

2023

State Comparisons

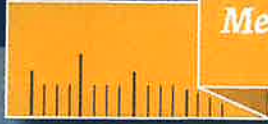


Of the four states studied, Idaho ranks last for meeting the facility needs of charter schools.



● BUILDING FOR SUCCESS IN IDAHO

Measuring How Well Idaho is Meeting Public Charter School Facility Needs



● WINTER 2022-23



Students break ground for Gem Prep; Twin Falls | Twin Falls, ID.



BUILDING FOR SUCCESS IN IDAHO

*Measuring How Well Idaho is Meeting
Public Charter School Facility Needs*



ABOUT EXCELINED

Focused on educational quality, innovation and opportunity—both within and outside of the traditional system—ExcelinEd advances a broad range of student-centered policy solutions to:

- Increase student learning
- Eliminate inequities
- Ready graduates for college and career



ABOUT BLUUM

Bluum is a nonprofit organization committed to ensuring Idaho's children reach their fullest potential by cultivating great leaders and innovative schools.

WE BELIEVE

A robust choice of learning opportunities helps children, families, and educators achieve more and do better.



WE ARE COMMITTED

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MOSIACS Public School Groundbreaking | Caldwell, ID



FOREWORD

Idaho is one of the nation's fastest growing states. Many of our schools are overcrowded, and our student demographics are changing rapidly. Over the past decade, our state's overall K-12 enrollment has grown by about 55,000 students, almost 20 percent (10,422 students) of which has been in the state's public charter schools. With all this growth in student enrollment, public schools in Idaho—both traditional school districts and charter schools—have struggled to keep up with the need for new and expanded school facilities.

Idaho's public charter schools are an important part of the solution to overcrowded classrooms. The state's public charter school program is well established thanks to 25-years of work by educators, community groups, parents and students. Most importantly, this growth has been quality growth. Idaho public charter schools are perennially top performers on the state's literacy assessments, the state's achievement tests and the SAT. Idaho's families value public charter schools, they staunchly support them, and they want more of them for their children.

Yet, despite their growth and success, public charter schools face the unique challenge of having to build schools with no local tax dollar support. This "facility gap" is especially pronounced compared to property-rich school districts like Boise, which passed a \$172.5 million bond in 2017, or Blaine County, which passed a \$25 million plant facilities levy in August. Nor can charter schools dream big; like the Idaho Falls School District seeking a \$250 million bond issue, Kuna School District possibly seeking a \$300 million for facility construction or West Ada looking at more than \$334 million for school facilities.

As the Idaho Statesman [headlined](#), "Idaho school bond failures show the gap between haves and have-nots, need for reform." Charter schools and our poorest rural school districts are the biggest have-nots—they can't even dream of seeking (in the case of charters) or passing (in the sake of smaller poor rural districts) bonds or levies for facility costs.

To help illuminate the scale of the facility financing inequities in Idaho, and most importantly to offer up solutions, especially for public charter schools, Bluum partnered with the Foundation for Excellence in Education (ExcelinEd) to generate this policy brief, *Building for Success in Idaho*. One key takeaway from the brief is that because of the facility gap, **"an average-sized charter school in Idaho must operate on average with nine fewer teachers, diverting funding intended for student instruction to pay for facilities."**

The ExcelinEd research team, led by Matthew Joseph, built on the facility financing work and methodology they created for Indiana, Ohio and Tennessee to produce an interactive tool that demonstrates how much the facility needs of charter schools in Idaho are currently being met and how they can be better met by the choices and decisions at the statehouse.

In sum, facility financing in Idaho for school districts and for public charter schools is complex. There are a variety of choices and pathways that can be taken by state lawmakers to improve facility financing fairness. Some of these policy solutions, like charter facility credit enhancement, have already been developed for public charter schools in recent years while others, such as a revolving loan fund, continue to be debated. More needs to be done, or as the research demonstrates, the "facility gap" will actually increase.

Because of a growing student population in our state, more schools are needed, and public charter schools can be a critical part of the solution. Doing more with less is noble in public education, but even more noble (and challenging) is doing it well—something that cash-strapped rural and high-need district schools know all too well.

Regrettably, all of public education in Idaho operates on leaner rations compared to schools in other states across the nation. It's time for a change. It is our sincere hope that this research and interactive tool produced by our friends at ExcelinEd will provide data and information as Idaho's lawmakers make decisions about how to best invest valuable state dollars to help Idaho build the new school seats necessary for our growing population of students and families.

- Terry Ryan, CEO | Bluum



BUILDING FOR SUCCESS IN IDAHO

Measuring How Well Idaho is Meeting
Public Charter School Facility Needs



EXECUTIVE SUMMARY



Future Public School Groundbreaking
| Garden City, ID

Idaho has significant opportunity to improve when it comes to helping meet the facility needs of the state's public charter schools. Using ExcelinEd's [Charter School Facility Index](#) methodology to measure the actual impact of state policies, we have determined that Idaho is currently meeting only 30.4 percent of the facility needs for the state's charter schools.

This "facility gap" means public charter schools, in contrast to the state's most well-funded school districts, must find other revenue to pay the remaining 69.6 percent cost of their facilities, averaging at a cost of \$1,250 per student. If the state does not make any changes, the Index will fall to 23.0 percent in five years, with the facility gap cost between Idaho's property-rich school districts and local public charter schools growing to \$1,595 per student.

Because of this facility gap, an average-sized charter school in Idaho must operate on average with nine fewer teachers, diverting funding intended for student instruction to pay for facilities. In contrast, Idaho's traditional public schools located in property-rich communities are significantly protected from having to sacrifice instructional funding for students to pay for facilities. The facility gap also means that high-quality charter schools will have greater difficulty growing to provide educational opportunity to more students.

State policymakers have a suite of options to better meet the facility needs of Idaho's growing charter school sector. Using ExcelinEd's customized Charter School Facility Index Tool, Idaho policymakers can determine the likely impacts of any proposed changes in state policies.¹

For example, by increasing the state's charter school facility allowance or creating a low-interest revolving loan fund, the Gem State can meet a much higher percentage of the need. If the gap is closed, charter schools can maximize funding for instruction to meet the growing demand for quality public school options.

¹ The Charter School Facility Index Tool is available at <https://bluum.org/building-for-success-in-idaho>



BUILDING FOR SUCCESS IN IDAHO

Measuring How Well Idaho is Meeting
Public Charter School Facility Needs



INTRODUCTION

As of Fall 2022, 22,342 students attend 57 brick-and-mortar public charter schools in Idaho.² Parent demand for these schools is high and continues to grow. But lack of access to affordable facilities is one of the most critical issues facing Idaho's, indeed the nation's, public charter schools.³ This brief uses a new methodology, called the Charter School Facility Index, to assess the extent to which Idaho is meeting the facility costs of its public charter schools.⁴

It examines not just how a policy reads on paper, but also what its impact is on the ground in meeting real need. An Index of 100 percent means a state is meeting 100 percent of its charter school facility needs.

Idaho policymakers have embraced public charter schools as a viable public school choice for parents and students. In keeping with that support, Idaho has a strong interest in helping reduce the cost of facilities for all its charter schools. States have a variety of policies they can use to achieve this. The National Alliance for Public Charter Schools (NAPCS) identifies 14 of them, in three major groupings described below.⁵

The Charter School Facility Index can help Idaho assess whether it is meeting the full facility needs of its public charter schools.

First, a state can provide funding to help charter schools rent or lease facilities. Second, a state can require traditional districts to provide no- or low-cost access to existing, often underutilized public buildings or land. Finally, a state can reduce the cost of borrowing so charter schools can own their buildings at a lower cost than long-term renting.

They can do so by guaranteeing the loans or bonds, formally or through a state's "moral obligation." While the financing still comes from private sources, the charter schools pay significantly lower interest rates because of the state's backing.⁶ For newly-opened charter schools, a state can also provide low-interest loans until less expensive long-term financing becomes available.

In reality, it takes a combination of these policies to fully meet the facility needs of charter schools in Idaho. The initial key question is whether Idaho, through its various policies, is meeting the overall facility needs of its charter schools—or at least a significant portion of it. This requires considering several factors:

First, magnitude matters. For example, a large funding allowance for facilities helps more than a small one. Second, major investment in one policy may reduce the need for another. If many charter schools can access free facilities, fewer charter schools need their funding directed for rent. Finally, it is important to consider the needs of new charter schools. Even a generous facility allotment may not meet the growing demand for more charter school seats if the overall available funding is capped in the state budget.

² This is the fall enrollment count for all charter schools in Idaho, excluding virtual schools and those sponsored by a school district, as those schools do not have the same facility needs.

³ For more details on the facility challenges facing America's public charter schools, see U.S. Government Accountability Office, *K-12 Education: Challenges Learning and Securing Charter School Facilities and Government Assistance* (2021).

⁴ For more details on the Charter School Facility Index and its benefits, see ExcelinEd, *Building for Success: How States Can Address Charter School Facility Needs* (2019).

⁵ See National Alliance for Public Charter Schools, *Equitable Access to Capital Funding and Facilities*.

⁶ Under moral obligation, a state must request in its budget to pay for loan defaults, but there is no requirement that the approved budget include it. For more on how states can use bond guarantees and moral obligation to reduce the cost of charter school facility financing, see ExcelinEd, *Addressing Charter School Facility Needs* (2019).



BUILDING FOR SUCCESS IN IDAHO

Measuring How Well Idaho is Meeting
Public Charter School Facility Needs



ANALYSIS, PART 1: Current Charter School Facility (FY 2022)

One way to calculate the total charter school facility need is how much it would cost Idaho if it paid for the full facility-related costs for every student in a public charter school. Idaho currently has 22,342 students in 57 brick and mortar charter schools.⁷ Based on an ExcelinEd analysis, facility-related costs for charter schools in Idaho are, on average, \$1,796 per student, or 17.0 percent of overall expenditures.⁸ This is a conservative figure, considering charter schools often lack some of the amenities (e.g., sports field, gymnasiums, performance theaters, etc.) of traditional public schools.

At \$1,796 per student, the total facility need for all Idaho charter school students is \$40.1 million annually, i.e., \$1,796 per student times 22,342 students. As explained above, Idaho can meet this overall need through a combination of direct funding, access to district facilities and affordable financing.

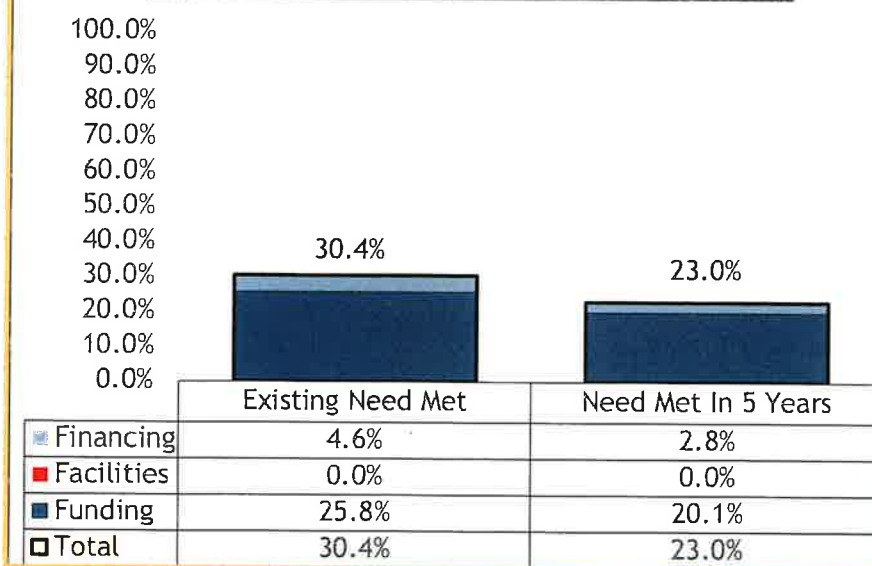
DIRECT FUNDING

Each year Idaho provides charter schools with facility funding calculated at 50 percent of what traditional districts are receiving in local funding for facilities per student. Through this facility allowance, charter schools received \$398 per student in FY 2022. The state also provided \$69 per student from lottery proceeds. In addition, the state offers a “maintenance match.”

However, lottery funds are deducted. As a result, charter schools do not receive any extra funding through the match program. The state also helps districts pay for some of their facility debt, with the amount depending on a district’s wealth and economic condition. This “bond levy equalization support” totaled \$25.8 million; however, charter schools are not eligible.⁹ Finally, in 2022, traditional districts received \$228 million in local funding for facilities. Charter schools received none of these local funds.¹⁰

This means that, altogether through direct funding, Idaho is providing \$10.3 million each year and thereby meeting 25.8 percent of the facility needs of its charter schools.

Figure 1: Idaho Charter School Facility Index



⁷ Student enrollment and the number of charter schools come from the Idaho Department of Education's *Historical Enrollment by District or Charter Summary and Full Term ADA History*.

⁸ The analysis used facility-related expenditure line items for each charter school as published in the Idaho Department of Education's 2020-21 Financial Summaries of Idaho Schools. Expenditures were adjusted for inflation. The two “capital assets” line items were excluded. 17 percent is the unweighted average, excluding several extreme outliers. For comparison, facility-related costs for charter schools are 16.0 percent in Tennessee, 15.7 percent in Ohio and 15 percent in Indiana. See ExcelinEd, *Building for Success in Tennessee* (2022); ExcelinEd, *Building for Success in Ohio* (2021); ExcelinEd, *Building for Success in Indiana* (2020).

⁹ See Idaho Department of Education, *Bond Levy Equalization Support Program* (2019). The support provided for each district is on the “Other State Support (A)” tab of 2020-21 Financial Summaries of Idaho Schools, see note 7.

¹⁰ Traditional public school districts in Idaho can raise local funding for facilities through bond levies and plant facility reserve levies.



BUILDING FOR SUCCESS IN IDAHO

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ACCESS TO FACILITIES

Unlike numerous other states, Idaho does not require traditional public school districts to make surplus or under-utilized facilities available to charter schools at no- or low-cost. As a result, **very few charter schools in Idaho have any of their facility needs met by surplus district facilities.** (One notable exception is Rise Academy Charter School in Kimberly School District.) It's worth noting that where demand for new school growth is greatest around the state, districts have few if any empty school buildings available.

AFFORDABLE FINANCING

Idaho has a moral obligation program, whereby charter schools can secure lower-cost bond financing. Charter schools have fully taken advantage of the \$120 million in state-backed financing. As a result, participating charter schools are saving about \$1.8 million in interest each year. Thus, **financing support in Idaho is meeting 4.6 percent of the overall charter school facility needs.**

SUMMARY OF CURRENT NEEDS MET

The current Charter School Facility Index for Idaho is 30.4 percent, as shown in Figure 1. Direct funding provides 25.8 percent; district facilities are 0.0 percent; and affordable financing is 4.6 percent. The facility gap is \$27.9 million overall, or \$1,250 per student. To be more concrete, if Idaho fully met charter school facility needs, an average-sized charter school could use those funds to hire an additional nine teachers.¹¹

If Idaho fully met current charter school facility needs, an average-sized charter school could hire an additional nine teachers.



¹¹ Uses average teacher salary in Idaho of \$53,100. See Devin Bodkin, "Average Idaho Teacher Salary Hits All-Time High," *IdahoEdNews.org* (Jan. 24, 2022). The average size for a charter school in Idaho is 392 students.



ANALYSIS, PART 2: Charter School Facility Index in Five Years (FY 2027)

Total charter school facility needs in Idaho will likely grow over the next five years as overall charter school enrollment and the number of charter schools increase. Charter school enrollment in Idaho has grown by 8.2 percent per year over the past five years. However, if the state meets charter school facility needs more fully, enrollment could increase at least 25 percent faster. This means that, conservatively, 36,327 students will be in brick-and-mortar charter schools in five years.

Based on historical trends, the number of charter schools will also grow by two or three schools each year. In five years, there will be at least 70 charter schools.¹² Facility-related costs, e.g., rent and utilities, are expected to increase about 2.9 percent annually, rising to \$2,071 per student.¹³ Altogether, the total facility need for charter schools will be \$75.3 million in FY 2027, i.e., \$2,071 per student times 36,327 students.

DIRECT FUNDING

It is anticipated that Idaho will continue to provide a facility allowance to charter schools based on how much traditional districts are receiving in local facility funding per student. The total amount of this local funding will likely remain the same, but traditional school enrollment is increasing, which means that the per-student amount will drop.¹⁴ Charter schools will receive 50 percent of this lower figure.

As a result, the charter school facility allowance will decrease from \$398 per student in FY 2022 to \$354 per student in FY 2027, while operating costs continue to go up. Lottery proceeds will remain at about \$67 per student.¹⁵ Charter schools will continue to receive no additional funding through the maintenance match, bond levy equalization support or local facility-related revenues. In sum, direct funding will meet just 20.1 percent of total need in FY 2027.

ACCESS TO FACILITIES

Assuming Idaho law remains the same, charter schools will still not have any of their facilities need met through surplus or under-utilized district buildings or land.

AFFORDABLE FINANCING

The state's current moral obligation program is fully utilized. This means that the same number of charter school students will benefit, but the percentage of need met will decrease to 2.8 percent as the number of students in charter schools increases.

SUMMARY OF FUTURE NEEDS MET

Idaho's Charter School Facility Index in five years will be an estimated 23.0 percent, as shown in Figure 1. Direct funding will provide 20.1 percent; district facilities will meet 0.0 percent; and affordable financing will cover 2.8 percent. The facility gap will grow to \$58.0 million, or \$1,595 per student. For context, consider that the funds an average-sized charter school will have to use to fill this facility gap could otherwise be used to hire an additional 16 teachers.

In five years, the total charter school facility gap in Idaho will grow to \$58 million, or \$1,595 per student, depriving a typical charter school of 16 teachers.

¹² The estimated growth in the number of charter schools also reflects a 25-percent boost, as explained above for student enrollment.

¹³ To estimate inflation, Idaho uses the national consumer price index. See Idaho Department of Labor, *U.S. Consumer Price Index*.

¹⁴ Enrollment in traditional public schools in Idaho has increased by an average of 2.4 percent each year over the past five years.

¹⁵ During the pandemic, Idaho's lottery proceeds increased, but they are expected to return to historical levels.



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Measuring How Well Idaho is Meeting
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COMPARISONS AND CONTEXT

COMPARISON TO OTHER STATES

Of the four states ExcelinEd has studied with this methodology, the current Charter School Facility Index for Idaho is the next to lowest, as shown in Figure 2. Only in Ohio is the state meeting a lower percentage of the facility need of charter schools. Moreover, in these three other states, policymakers made significant improvements since the original studies, leaving Idaho at or near the bottom.¹⁶

COMPARISON TO TRADITIONAL RURAL DISTRICTS

ExcelinEd also examined how well Idaho is meeting the facility needs of its traditional rural districts.¹⁷ A representative sample of these districts have 15,427 students. Their facility-related costs are \$1,841 per student, or 15.1 percent of total expenditures.¹⁸ The total facility needs are \$28.5 million each year.

As traditional school districts, these rural districts do not receive the charter school facility allowance, but the state provides \$69 per student in lottery proceeds, a small additional amount through the maintenance match program and \$1.4 million in bond levy equalization support.¹⁹ The districts also raise local facility funds totaling \$10.5 million annually.

Direct funding altogether is \$13.0 million, or 45.9 percent of need. The districts do not receive free facilities or help with financing. As shown in Figure 3, the state is currently meeting 45.9 percent of need for rural districts. This leaves a facility gap of \$999 per student.

Based on historical trends, enrollment in these districts is likely to remain about the same in five years. The direct funding will also stay at the same level. However, overall need will increase because of inflation. In FY 2027, the state will meet an estimated 39.6 percent of need, with a facility gap increasing to \$1,288 per student.

Figure 2: State Comparisons

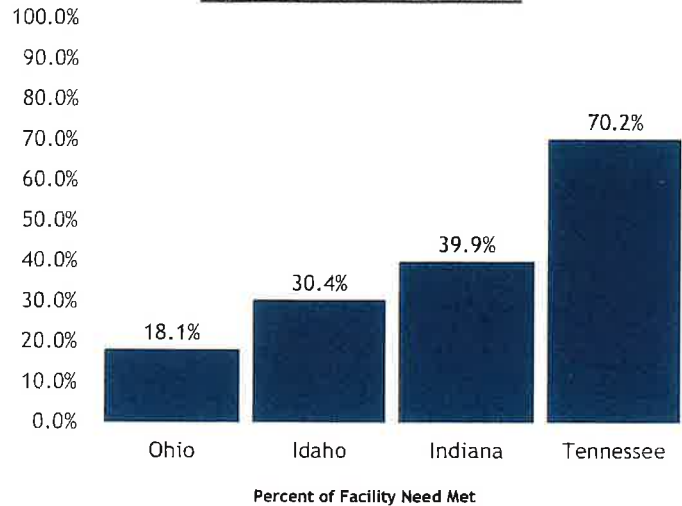
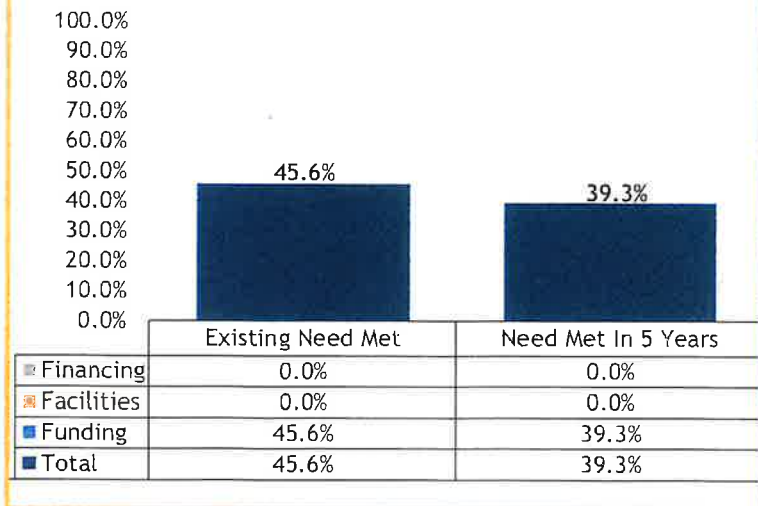


Figure 3: Idaho Rural District Facility Index



¹⁶ See ExcelinEd, *Building for Success in Tennessee* (2022); ExcelinEd, *Building for Success in Ohio* (2021); ExcelinEd, *Building for Success in Indiana* (2020). Subsequently to these studies, policymakers increased the per-student facility allowances.

¹⁷ The districts are: Boundary County; Cassia County Joint; Emmett Independent; Fremont County Joint; Fruitland; Kimberly; Meadows Valley; and Salmon River Joint.

¹⁸ Facility-related costs were calculated using the same methodology as for charter schools. The per-student costs are similar; however, because these rural districts spend more per student, facility-related costs are a lower percentage of overall expenditures.

¹⁹ See Idaho Department of Education, *FY2022 Tax Levies for School Purposes*.



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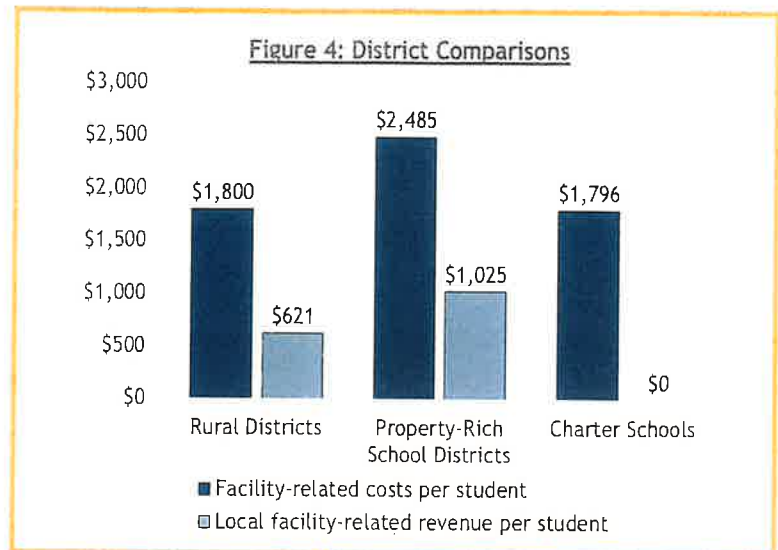
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COMPARISON TO TRADITIONAL DISTRICTS

Finally, ExcelinEd looked at facility-related costs and revenues in two large traditional districts in Idaho: Boise Independent and West Ada. As shown in Figure 4, these two districts are spending significantly more per student on their facilities than either charter schools or rural districts, i.e., \$2,485 per student vs. \$1,800 in rural districts and \$1,796 in charter schools.

These increased expenditures are paid for, to a large extent, by higher revenue these districts are raising in local taxes for facilities. Boise Independent and West Ada each receive \$404 more per student than the rural districts and \$1,025 more than charter schools.²⁰



NEXT STEPS

This Charter School Facility Index equips Idaho policymakers to understand how well current policies are meeting charter school facility needs and, further, how future need will be met if policies remain the same. In addition, **through the Charter School Facility Index Tool that is available as a companion to this brief, policymakers can examine the potential impact of new or revised policies** and explore how they can use the full array of available policies to meet the overall need.

Below are some examples of actions, which if taken, Idaho could likely better meet the facility needs of its charter schools: As described previously, there are multiple changes in policy that the state can make to better meet the facility needs of its charter schools. Below are some additional examples:

Add to the state's existing charter school facility allowance. Each year Idaho provides charter schools with facility funding calculated at 50 percent of what traditional districts are getting in local funding for facilities. This state allowance will equal \$354 per charter school student in FY 2027. Increasing the state allowance to 65 percent of local funding, for example, will meet an additional 5 percent of need and cost about \$4 million annually.

Expand moral obligation financing.

Idaho provides moral obligation financing guarantees so that charter schools can borrow at lower interest rates. However, charter schools in Idaho have fully utilized the total available amount of backed financing. If Idaho doubles the program, the state will meet an additional 2.5 percent of need, saving charter schools nearly \$2 million every year at a potential cost to the state of only \$80,000 annually.²²

The Charter School Facility Index Tool equips Idaho policymakers to examine the potential impact of new or revised policies and explore how they can use the full array of available policies to meet the overall need.

²⁰ As noted above, charter schools do not receive any local facility-related revenue but instead receive a state allowance set at 50 percent of the state average of the local revenue districts are getting.

²¹ The potential cost of moral obligation is a default, which Idaho may choose to pay for. However, with appropriate selection criteria, the state can keep defaults very rare. See ExcelinEd, *Addressing Charter School Facility Needs* (2019). Should the state pay for a default, the cost is over a 30-year period.



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Provide low-interest loans.

Idaho can also provide low-interest loans to charter schools through a Revolving Loan Fund. With these funds secured, a charter school in Idaho can also get a low-interest loan from a community development financial institution (CDFI) and then borrow the remaining amount from a bank at a lower interest rate and without the fees associated with bond financing. The combined interest rate from these three loans is much lower than what a charter school can otherwise get, particularly newer charter schools. Over five years, a charter school will pay back the Revolving Loan Fund and take advantage of lower-cost long-term financing available to more established charter schools. As the Revolving Loan Fund is replenished, more charter schools can benefit from it. With a \$50 million loan fund, the state will meet an additional 11.7 percent of need.²²

Provide charter schools with access to facility-related local revenue.

States like Colorado are requiring districts to share local funds raised for facilities. Idaho's current facility allowance for charter schools is set at 50 percent of what traditional districts are getting each year in local revenue for facilities, which is \$228 million. As an alternative to increasing the state facility allowance, Idaho can allow charter schools to access facility-related local revenues proportional to their share of public school students, which in five years will be 10.1 percent.

Charter schools currently receive none of these local funds. If charter school students receive 5 percent of these funds (half of their proportional share), it will meet an additional 15.3 percent of need. There is no cost to the state for sharing these local funds with charter schools. This would not apply retroactively for previously issued bonds.

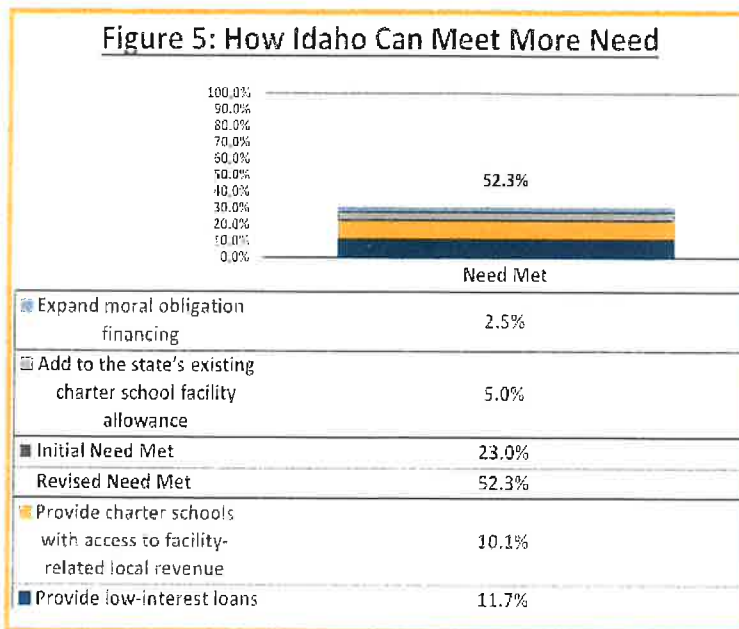
Provide greater access to underutilized district land.

Idaho can change its policy so that charter schools can access no- or low-cost empty or under-utilized district facilities or land. In Colorado, for example, about 26 percent of charter schools are in district-provided facilities; in California, it is 44 percent.

Even if there are not many surplus school buildings in Idaho because of student growth, there may be unused land that that will save charter schools significant funds if they do not have to purchase it at market cost. There is no cost to the state for increasing charter school access to surplus district buildings or land.²³

Figure 5 shows how these particular policy changes can lift the percent need met from 23 to 52 percent. More comprehensively, the Charter Facility Index Tool shows how policymakers in Idaho can mix and match various policies, improving those that already exist in the state and adding some that other states are successfully using, with the goal of meeting 100 percent of charter school facilities need. Meeting this need is critical so that charter schools can use as much of their funding for instruction as possible and, most importantly, meet the increasing demand from Idaho's families for quality public school choices.

Figure 5: How Idaho Can Meet More Need



²² Under this program, charter schools can secure a loan for 20 percent of the facility cost at an interest rate of 0.30 percent. A similar amount is available to charter schools in Idaho funded by private philanthropy, at 3 percent interest. With these funds secured, charter schools can borrow the remainder from a bank at about the same reduced interest rate as bond financing backed by the state's moral obligation; however, banks will not require the same reserve fund or charge the same fees as bond investors. The state will need to appropriate the initial funds for the Revolving Loan Fund; however, by FY 2027, the first set of participating charter schools will have paid back their loans such that there is no additional ongoing cost to the state, except if needed to cover a rare default.

²³ Enrollment in traditional public schools in Idaho is increasing, which means districts do not have surplus buildings. However, districts may have surplus land in locations that are desirable for charter schools. The analysis assumes that the land is 15 percent of the cost of a new school facility, reflecting recent examples.



This image shows a single page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, leaving small margins at the top and bottom. There is no handwriting or printed text on the page.



